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Rose, Bernard R.

Twenty-fifth anniversary message of a life...

[New York]

[c1916]

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Twenty-fifth anniversary message of a life insurance agent: life insurance viewed from within, its deeper meaning to the individual and to society ... [New York? c1916]
cover-title, 15 p. 22 cm.

Only Ed

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 5/22/97 INITIALS: TLM

TRACKING # : MSH 21116

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FEB 15 1917

Prof. E. R. A. Seligman

Twenty-Fifth Anniversary Message of a Life Insurance Agent

Life Insurance Viewed from Within
Its Deeper Meaning to the
Individual and to Society

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By BERNARD R. ROSE
of New York

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TWENTY-FIFTH ANNIVERSARY MESSAGE OF A LIFE INSURANCE AGENT

By Bernard R. Rose

To My Policyholders and Other Friends:

WHEN one has been engaged for a quarter of a century in a business of a semi-public character, such as Life Insurance undoubtedly is, he may with propriety pause at the twenty-fifth milestone and invite his patrons and well-wishers to tarry with him a moment while he takes a glance backward and a look forward. If the cause in which he labors has prospered in past years and if he finds encouragement in the outlook for the future, he is justified in telling them of it, so that they may share in some measure the satisfaction which he feels. Such is the occasion and reason for this message.

It was on the twenty-second day of September, eighteen hundred and ninety-one, that I signed my first contract to act as an agent for a life insurance company and received a rate book and a supply of application blanks. Since that day this has been my sole vocation, which I have followed with varying success as regards the material rewards of my labors, but with constantly growing enthusiasm for the institution of Life Insurance, recognizing therein not only a great and beneficent factor in the economic life of the individual, the family, and society at large, but a mighty movement destined to produce radical changes in our ethical and moral conceptions.

I shall deal with the subject in a fourfold aspect, giving first a brief outline of what life insurance is and what it does. Secondly, I shall give some statistical data showing the progress of the business during the past twenty-five years and a brief reference to some of the more important developments during that period. Third will come a few facts to show the place of Life Insurance as a regulative and corrective force in the present day economic life. Fourth, I shall try to present Life Insurance in its direct influence as a great moral force. Owing to the vast extent of the subject it will be necessary to limit my remarks under each heading to a few salient facts, in order to bring them within the scope of this communication.

WHAT LIFE INSURANCE IS AND WHAT IT DOES

Among the institutions which have been potent factors in the great material development of this country during the past half-century or more, Life Insurance must be accorded a foremost place. It rests upon the deep and firm foundations of the human affections and the necessities of civilized life.

The value of human life lies at the basis of every other property, and if a fair computation could be made of it, would no doubt appear as a sum total greater than the amount of all other possessions. The life of every human being who earns more than is required for his own subsistence has a money value to someone else. The present worth of these future earnings depends upon the length of time during which they will probably continue, and if a value could be fixed for every productive life and a suitable premium collected, the insuring of each such life for a certain amount would

improve the general condition of society to a degree hardly possible to conceive.

Here is a partial list of the things Life Insurance does: It protects one's family and business and provides for his own old age. It cultivates habits of thrift and saving, safeguards wealth, strengthens credit and protects partnership and corporate interests. It compensates for shrinkage in the value of investments, and supplies ready money to discharge obligations and settle estates. It safeguards mortgaged real estate and pays off the mortgage. It perpetuates the earnings of salaried and professional men after their death. It provides an unbreakable will for the disposal of an estate, and at the same time furnishes the estate itself. It builds residences, school houses, business blocks, municipal improvements, and railroads; and it helps develop and improve farm property, thereby lessening the cost of living. It cultivates self-respect and individual responsibility. It prevents social defaults through premature death, thus reducing the expense to the public treasuries for almshouses and police, for criminal courts, prisons and other branches of the public administration which have to do with the prevention and punishment of crime and the relief of the suffering and the unfortunate.

Life Insurance is intensely interested in the cause of good health, temperance, right-living, and good morals, and it makes a study of everything affecting human life, because it is constantly striving to lessen the mortality. It socializes wealth and makes it available at the time and for purposes most needed. It develops and ennobles the character, and makes better husbands, fathers, sons, brothers, and citizens. "Life Insurance," said the late Phillips Brooks, "is a sign of the majestic progress of man."

TWENTY-FIVE YEARS' PROGRESS OF AMERICAN LIFE INSURANCE

Life Insurance on the Old Line, Legal Reserve plan has been in existence for over a century and a half, a company which is still in active business having been organized in England as far back as 1762. Just fifty years later, namely in 1812, the first American company was incorporated in Philadelphia. The real development of the business is, however, of comparatively recent date. This may be seen from the fact that the combined assets of all the companies reporting to the New York Insurance Department fifty years ago, did not equal the present premium income for a single year of one of the largest companies. But it has been more particularly during the past quarter of a century that Life Insurance has achieved its great growth and development in this country.

On this point the following figures from the official reports may be of interest:

	1890	1915
Assets	$758,313,654	$5,190,310,353
Surplus	90,085,275	541,786,089
Number of policies in force	1,276,167	9,890,264
Insurance in force	3,547,034,907	22,776,754,584
New business paid for during year	883,787,019	3,601,039,318
Gain in insurance	400,038,734	1,187,582,211
Amount paid to policyholders and their beneficiaries	88,462,239	544,705,320
Gain in assets	57,445,638	255,057,560

The above figures include the "Industrial" business, excepting as regards the number of policies, which of course is very large, since individual policies in this branch of the business are all for small amounts.

The past twenty-five years have also seen the scope of life insurance greatly extended, policy forms liberalized, and many new plans introduced in order to fill new needs. The most notable new developments during this period have been Business Insurance and Income Insurance, two extensive departments, each with many plans and sub-divisions of its own.

Under business insurance are usually understood those contracts by which firms and corporations are protected against loss of capital or brain-power resulting from the death of a partner, officer or valued employee. This form of protection is highly endorsed by banks and commercial agencies, as tending to strengthen credit and stabilize business, besides having many other advantages. Another form of business insurance is the Group Plan written by some companies. Under this plan large groups of employees of a concern are insured by a single contract especially devised for this purpose.

Income Insurance is a plan for making "assurance doubly sure" and is rapidly gaining in favor with a large class of intelligent insurers. Its chief characteristic is that the proceeds of policies or the income thereof are paid out to the beneficiaries in installments —annually, semi-annually, quarterly or monthly—instead of in one sum. This is not the place to give details of this rapidly growing and widely diversified branch of the business. Suffice it to say that the returns made by the best companies under the income privileges are far more favorable than can be secured from trust companies or under any other form of beneficial trust, and the security of both principal and

interest is incomparably greater. The truth of this statement any well informed agent can easily and briefly demonstrate. By means of an Income Policy one is able to "take a bond of fate" and to absolutely safeguard the future of his descendants even "unto the third and fourth generation."

In this connection, it is worth noting that the entire history of legal reserve life insurance in this country affords but two instances of the failure of a mutual company. But even these two companies had been mutualized only after their condition had become precarious from causes originating under stock management and control. It may therefore be affirmed in all truth that no old line life insurance company originally organized on the mutual plan has ever failed in this country. This is a record that stands absolutely alone and without precedent or parallel in the history of finance and of business.

THE PLACE OF LIFE INSURANCE IN THE FIELD OF ECONOMICS

When we turn to the fundamental conditions which create the need and the opportunity for life insurance in this country, the conclusion is forced upon us that the business is still in the early stages of its development.

This is indeed a land of the most glaring contrasts. On the one hand we have vast wealth accompanied by appalling waste and extravagance, and on the other hand we are met by the most dire want and misery. According to a compilation recently made public by Dr. Charles W. Eliot, President Emeritus of Harvard University, there was spent in this country during the year 1914 for intoxicating liquors $2,200,000,000, for tobacco $1,200,000,000, for jewelry and

plate $800,000,000, for automobiles $500,000,000. To this must be added many hundreds of millions more expended for picture shows and other luxuries, many of them not only unnecessary but positively harmful. In comparison with these stupendous figures, even the nominal increase of $255,000,000, in the assets of the life insurance companies during last year, as shown above, is very small indeed, and this increase in assets is moreover subject to a considerable deduction represented by the increase in policy loans.

The reverse of this picture of prodigal waste we find in the report of the Industrial Relations Commission appointed by President Wilson under authority of Congress, and in the statistics gathered by Professor Irving Fisher of Yale University, and other high authorities. According to their statements, there are in this country 3,127,000 widows at least 65 years old, 32% of whom lack the necessaries and 90% the comforts of life. Furthermore, there are 1,990,225 children from ten to fifteen years of age who are compelled to earn a living.

In an address delivered by Dr. Fisher in 1912, he said that there were in the United States over 1700 unnecessary deaths per day. This, and other startling statements he reiterated in the course of an article published last month in a New York newspaper, from which I quote the following: "I found, using the sources open to me as a member of the Conservation Commission, that there are each year in this country at least 600,000 unnecessary deaths, and that, all the time, there are 1,500,000 persons unnecessarily ill. Now this means that there is annually lost to this country (including capitalized earning power cut off) over $1,500,000,000. . . . . Our national ideal of health is very low; not at all as high as was the ideal among the ancient Greeks, or what it is today among the

Swiss or the Swedes, to say nothing of the Germans."

Quite in line with Dr. Fisher's doleful conclusions is the statement of General Gorgas, the sanitary expert of the national government, who recently said: "The preventable mortality in this country is greater than the mortality caused by the European War. Science knows that the chief cause of disease is poverty; that disease can never be eliminated as long as people are forced to live poorly and close together."

Now, between these two extremes of American life stands Life Insurance as a great constructive, regulative and corrective force, seeking to check extravagance and waste on the one side, and on the other side to build up wholesome influences that will abate ignorance, poverty, preventable illness and unnecessary death.

The policy contract is of course the chief medium by which Life Insurance performs its beneficent mission; but in addition to this, it is doing a vast constructive work in many directions by means of other instrumentalities incident to its activities.

That it is a great factor in the development of agriculture is shown by over $655,000,000 of farm mortgages held by the life insurance companies on December 31, 1914. The magnitude of this investment will be appreciated when it is remembered that the total capital available under the much-heralded Rural Credits Bill recently signed by President Wilson, when expanded to the full limit authorized by this law, will amount to only $180,000,000.

In the investment market and the business world generally, Life Insurance is a great power for good. It makes a close study of financial matters, taking as its watch-word "Security First!" It stoutly opposes inflation in every form, and is thus of great benefit to the honest borrower of capital, as well as to other

investors and to the general public, which ultimately has to pay the cost of all inflation.

Hardly anyone needs to be told that Life Insurance exercises a beneficial influence upon the health and the morals of the people in manifold ways. The thousands of medical examiners and agents are in a very real sense missionaries preaching the gospel of good health and avoidance of everything that tends to shorten life. Numerous excellent articles on health topics and kindred subjects are also published every year in booklet form and in company periodicals, having a circulation running into many millions, especially among policyholders of the Industrial Companies.

Life Insurance is the implacable foe of intemperance in every form. The revival in recent years of the agitation against the drink evil is to a great extent due to the publication of the findings on this subject of the "Medico-Actuarial Mortality Investigation," a stupendous work undertaken jointly by all leading American life insurance companies. This work occupied several years and forms the greatest undertaking of the kind of any age or country. To the report of this investigation are further due the warnings now so generally sounded by the medical profession and in the public press against such habits and tendencies in American business life as cause an increased mortality after middle age.

The far-reaching influence of Life Insurance in the amelioration of conditions and for social and economic betterment is now universally recognized by thoughtful men. In a public lecture delivered by Dr. Seligman, Professor of Economics at Columbia University, on the subject of "Social Insurance," I heard him use these words of appreciation: "This vast subject of Life Insurance, whereby we have been able to develop the habits of thrift and foresight and saving."

LIFE INSURANCE AS A GREAT MORAL AND SPIRITUAL FORCE

Great, however, as is the influence of Life Insurance in the economic field, that influence attains its greatest potency in the moral and spiritual realm, where it brings a flood of new light to the insured himself, clearing his vision, and enabling him to see a new and higher meaning in life.

Now, I have no thought of delivering a "preachment"; but, in order to show the moral function of Life Insurance, it will be necessary to start with one or two fundamental principles, mere commonplaces familiar to every one who has given the subject serious thought.

Man has been placed on this earth endowed with a spiritual spark or germ intended to develop and expand until it is capable of lifting him above his physical environment. This is not a mere philosophic thesis or religious dogma, but a fact fully supported both by every day experience and by scientific proof. So, for instance, Rene Descartes declared that he had demonstrated by actual experiment that, with respect to reasoning power, the human imbecile is vastly above the "most perfect or happily circumstanced animal". He thus confounded the wisdom of those shallow thinkers who would see in man merely "nature's noblest animal".

To the thoroughly enlightened mind, there is nothing mysterious or obscure in this spiritual quality of man, nor does he see any conflict between it and his material nature, but rather perceives that they supplement and complement each other; and he joyfully obeys the command of this higher impulse which

strives to express itself in his life and in his works. But this striving power of the soul, called the Moral Law, nevertheless constantly encounters the imperious demands of man's material existence, which would fain monopolize all his activities and drag him down to the level of the animal state.

It is right here that Life Insurance performs for me, the individual, in my inner life, the same inestimable service that it renders to society in the economic field. Here, as there, Life Insurance takes its stand resolutely on the side of the higher human nature. By means of Life Insurance, I am enabled to settle accounts at once with my future material wants, instead of permitting them to hang over me forever in the form of fears and perplexities. Such is the diversity and adaptability of the modern policy contract, that I cannot conceive of a material need or future contingency which it will not provide for perfectly at the cost of a little present self-denial. The ease and completeness with which the conflict between my higher aspirations and my lower nature is thus settled, serve only to make my spiritual emancipation more emphatic, because it shows me how utterly needless it would be to continue the slave of my physical environment.

The "new freedom" which I have now achieved does not, however, mean a diminution of the incentive to effort. Such a result, instead of being a gain, would indeed be a great misfortune. The real significance of the change in my inner life lies in the fact that I am forever immune against that restless burning fever, characteristic of our age, which impels to the accumulation of an estate, but consumes the man.

My zeal for my wonted pursuit not only remains undiminished, but is vastly augmented, because I now see in my work not merely a means of earning my livelihood, but an opportunity for service and for self-culture. Be my station in life never so exalted or ever so lowly; whether I am an employer of labor on a large scale, or engaged in the practice of a profession, or have to toil in obscurity at some humble task; I am able to bring this spirit of high self-culture to every form of employment that is necessary or useful to mankind.

It is thus that Life Insurance opens the way for the development of the life of the soul, and the recognition of the nobility and solidarity of our common human nature. It aids in removing the rancor of class consciousness; because it helps to raise the soul to a point where it knows no class distinctions, it knows no hate, no jealousy, no envy, but it sees in every fellowman only a kindred soul.

It is hardly possible to overestimate the importance of this incidental service rendered by Life Insurance, which thus becomes an equalizing and leveling force, leveling things upwards, not downwards. And this, again, is only another proof of its spiritual quality; because it is in the very nature of all spiritual things that they obliterate petty human differences. "God is no respector of persons."

CONCLUSION

Although this paper has already extended far beyond the length I originally intended, I must, before closing, say a word to those of my readers who might think that this optimism does not accord with the hard facts of life, especially at a time when the most advanced nations are doing their utmost to destroy each other. My answer is that a critical examination of all the facts shows that this horrible spectacle which we are witnessing is itself merely the penalty mankind is paying for its excessive worship of the false god of materialism. Behind the curtain of fire and of death, and the never ceasing stream of high sounding phrases, stands Materialism—cruel, unfeeling, overgrown—the real cause of it all.

Therefore, while all this affords us ample reason for the most profound sense of pain and humility, we must not lose faith in the grand destiny of mankind. "The night is sometimes blackest just before the break of dawn." There are great forces quietly at work to bring about a nobler order, and Life Insurance is one of the greatest of these forces. The virtues which Life Insurance helps to cultivate and bring into play, will make such horrors impossible in the future. As everyone knows, "the individual is society writ small, and society is the individual writ large." By improving the individual, Life Insurance is tending to reform society. That is the sort of preparedness most needed in this country and in every country.

Policyholders have a right to feel that they are actual participants in the splendid work done by Life Insurance, and not merely sharers in its benefits, as nearly all the principal companies operate on the mutual plan and most of them are owned absolutely

and solely by the members. It should also be a source of great satisfaction to policyholders and all others connected with the business in any way, to know that almost unlimited opportunity is open to Life Insurance to render still larger and wider service to the individual and to society, both in the economic and moral spheres.

Emerson says: "The best civilization yet is only valuable as a ground of hope." Life Insurance is one of the best products civilization has yet evolved, and in even its most elemental functions we already see realized man's ancient hopes and dreams of protection for the widow and the orphan, and provision for old age.

Probably no other injunction is so often reiterated in the sacred scriptures of all religions as the command to care for "the fatherless and the widow." Man also early realized that a serene and carefree old age possessed, in addition to its humanitarian aspects, great cultural value to the younger generations. So the inspired Psalmist prayed: "Cast me not off in the time of my old age . . . . forsake me not when my strength faileth. When I am old and gray-headed, Oh God, forsake me not, until I have shewed Thy strength unto this generation and Thy power to everyone that is to come." But this fervent prayer, too, although recited by generation after generation through thousands of years, remained a mere aspiration; because it was beyond the power of man to enforce that law or to find an answer to this prayer, until the advent of Life Insurance.

Conscious of the vital nature of its mission, inspired by the knowledge that its beneficent influence is not confined to those whom it serves, but extends to all mankind; this vast movement called Life Insurance will in the future translate into realities many more of

the great hopes and aspirations of mankind; and, through the substitution of the moral, in place of the material, impulse in the minds and hearts of men and women, it will work yet greater miracles for civilization and real human progress.

New York City,
September, Nineteen Hundred and Sixteen.

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